



APPROVED MINUTES
CITY OF SCOTTSDALE
AUDIT COMMITTEE

REGULAR MEETING
MONDAY, JANUARY 25, 2010
CITY HALL KIVA CONFERENCE ROOM
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, ARIZONA 85351

PRESENT: Councilman Robert Littlefield, Chair
Councilwoman Suzanne Klapp

ABSENT: Vice Mayor Borowsky

STAFF: Sharron Walker, City Auditor's Office
Joanna Munar, City Auditor's Office

Call to Order/Roll Call

Councilman Littlefield called the Audit Committee regular meeting to order at 4:07 p.m. Roll call confirmed the presence of Committee members as noted above.

1. Approval of Minutes

REGULAR MEETING
November 16, 2009

SPECIAL MEETING

EXECUTIVE SESSION
November 16, 2009

COMMITTEE MEMBER KLAPP MOVED TO APPROVE THE AUDIT COMMITTEE REGULAR MEETING MINUTES OF NOVEMBER 16, 2009 AND EXECUTIVE SESSION MINUTES OF NOVEMBER 16, 2009. CHAIR LITTLEFIELD SECONDED THE MOTION, WHICH PASSED BY A VOTE OF TWO (2) TO ZERO (0). COMMITTEE MEMBER BOROWSKY WAS ABSENT.

2. Discussion and possible direction to staff regarding Quarterly Report on Audit Follow-ups

City Auditor Sharron Walker noted this is the first follow-up report that includes auditor-determined status of prior audits, with a focus on higher risk items. Of the more than 400 items, 364 are now considered closed based on follow-up work; future reports will only include items still in progress.

Committee Member Klapp inquired whether there appear to be any problems with the items that have not been implemented. Ms. Walker said the 16 items that were not implemented largely

had to do with issues where the divisions had indicated they disagreed. Some of these items, considered lower priority, were closed; however, higher priority items were left open in order to gather more information and make a better determination on whether the risk level is acceptable. Most of the items have to do with Financial Management. Ms. Walker stated in the future she would provide the Committee with a report regarding these higher priority items, and whether the Auditor's Office feels they should be implemented, despite management disagreement.

Chair Littlefield stated that even though management disagrees, the Audit Committee and the Council approved all of those audit reports; therefore, those managers do not have the discretion to say they are not going to implement them. He stated staff may check with the City Attorney on this matter. He requested that all "not implemented" items be brought forward at some point for Audit Committee and Council approval.

3. Discussion of the Taxpayer Problem Resolution Officer's (TPRO) Survey Report

Joanna Munar presented the 2009 Annual and Fourth Quarter Taxpayer Problem Resolution Officer's Survey Reports. The report indicates a 91 percent positive rate in service, and a 95 percent positive rate in billing. Concerning the Tax Audit section, the third quarter survey was presented; however, due to an oversight, the Finance Department did not send out surveys for the fourth quarter. Since City Code requires this, the surveys will be sent out. Chair Littlefield asked the City Auditor to follow-up with the City Attorney regarding the effect of non-compliance.

4. Discussion and possible direction to staff regarding budget and staffing update

Ms. Walker indicated at midpoint through the year, the Auditor's Office is at 46.5 percent of the Council adopted budget. Financial Services reduces the budget amount for vacancy savings, so the financial report currently shows 48 percent expended. The Auditor's Office has hired auditor Lee Pettit, a CPA and certified information systems auditor, and is now fully staffed.

In response to an inquiry by Committee Member Klapp regarding the Same Day Training Business Conference line item, Ms. Walker stated most of those budgeted funds are typically spent in the second half of the year, when most training conferences are scheduled.

5. Discussion and possible direction to staff regarding status and possible modification of FY2009/10 Audit Plan

Ms. Walker presented the Committee with an Audit Plan Update. Items 8 and 9 were covered in this meeting. At the next meeting, Items 10, 11, and 12 are on schedule and will be presented. The Energy Billings Audit approved in October will most likely not be completed by June. The RFP responses are still being evaluated.

There have been questions and concerns regarding the retirement incentive program and whether those payments were calculated correctly and positions vacated as the program proposed. There has also been interest regarding the reorganization and whether the expected salary savings have been realized. Ms. Walker proposed a narrowly focused audit of those items before the end of the year. In order to facilitate that, she proposed the Special Event/Off Duty Coordination audit, which was moved to contingency status, be put on next year's plan.

Chair Littlefield moved to approve the Audit Plan modification and Committee Member Klapp seconded the motion, which passed by a vote of two (2) to zero (0). Committee Member Borowsky was absent.

6. Discussion of agenda items for next Audit Committee meeting

Chair Littlefield indicated the Audit Committee is required to do the Treasurer search, and asked Ms. Walker to coordinate with La Verne Parker Diggs to have the recruitment plan ready for the Committee at its next meeting.

Ms. Walker stated she would like to add a discussion of her proposal to shorten the management response time from 30 days to two weeks. The Committee agreed to put this item on the February agenda for discussion.

Committee Member Klapp asked if the March meeting could be rescheduled to the 22nd or the 29th, since she will be out of town. Ms. Walker said she would work with staff to reschedule the meeting.

Public Comment

No members of the public wished to address the Committee.

Adjournment

With no further business to discuss, Committee Member Klapp moved to adjourn the meeting and Chair Littlefield seconded the motion. The meeting was adjourned at 4:33 p.m.

Respectfully submitted,
A/V Tronics, Inc. DBA AVTranz.